



A REPORT
TO THE
MONTANA
LEGISLATURE

FINANCIAL-COMPLIANCE AUDIT

Department of Fish, Wildlife and Parks

*For the Two Fiscal Years Ended
June 30, 2009*

SEPTEMBER 2009

LEGISLATIVE AUDIT
DIVISION

09-18

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Tori Hunthausen, Legislative Auditor
Monica Huyg, Legal Counsel



Deputy Legislative Auditors
James Gillett
Angie Grove

September 2009

The Legislative Audit Committee
of the Montana State Legislature:

This is our financial-compliance audit report for the Montana Department of Fish, Wildlife and Parks for the two fiscal years ended June 30, 2009. Our report contains four recommendations related to internal controls over nonroutine items, donated property, payroll, and testing and monitoring of controls. The department's written response to the audit recommendations is included in the back of the report.

We thank the director and his staff for their assistance and cooperation during the audit.

Respectfully submitted,

/s/ Tori Hunthausen

Tori Hunthausen, CPA
Legislative Auditor

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APPOINTED AND ADMINISTRATIVE OFFICIALS

			<u>Term Expires</u>
Montana Fish, Wildlife and Parks Commission	Shane Colton, Chair	Billings	2011
	Dan Vermillion, Vice Chair	Livingston	2011
	Willie Doll	Malta	2011
	Ron Moody	Lewistown	2013
	Bob Ream	Helena	2013

Administrative Officials

Joe Maurier, Director

Art Noonan, Deputy Director*

Sue Daly, Administrator, Finance Division

Ron Aasheim, Chief of Communication and Education Bureau

Jim Kropp, Chief of Enforcement Bureau

David Risley, Administrator, Fish and Wildlife Division**

Vacant, Chief of Fisheries Bureau

T.O. Smith, Strategic Planning and Data Service Bureau

Chas Van Genderen, Administrator, Parks Division

Ken McDonald, Chief of Wildlife Bureau

*As of June 2009

**As of August 2009

For additional information concerning the Department of Fish,
Wildlife and Parks, contact:

Sue Daly, Administrator, Finance Division
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Helena, MT 59620-0701
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REPORT SUMMARY

Department of Fish, Wildlife and Parks

This audit report is the result of our financial-compliance audit of the Department of Fish, Wildlife and Parks for the two fiscal years ending June 30, 2009. We issued an unqualified opinion on the financial schedules contained in this report. This means the reader may rely on the information presented in the financial schedules and the supporting data on the state's accounting system.

This report contains four recommendations directed to the department. These four recommendations address internal controls over nonroutine transactions, new hires and donated property. They also address monitoring and testing of controls.

The listing below serves as a means of summarizing the recommendations contained in the report, the department's response thereto, and a reference to the supporting comments.

<u>Recommendation #1</u>	8
We recommend the department implement controls to ensure nonroutine or unusual transactions are recorded according to state accounting policy.	
Department Response: Concur	B-3
<u>Recommendation #2</u>	9
We recommend the department:	
A. Develop controls to value and record donated property.	
B. Record all donated property on the Asset Management system that meets the capitalization threshold.	
Department Response: Concur	B-3
<u>Recommendation #3</u>	10
We recommend the department update or develop controls to ensure proper approvals are received for new employees.	
Department Response: Concur	B-4
<u>Recommendation #4</u>	10
We recommend the department perform monitoring and testing over its internal control procedures as required by state policy.	
Department Response: Concur	B-4

Chapter I – Introduction

Introduction

We performed a financial-compliance audit of the Department of Fish, Wildlife and Parks (department) for the two fiscal years ended June 30, 2009. The objectives of the audit were to:

1. Determine whether the department complied with selected laws and regulations.
2. Obtain an understanding of the department's control systems to the extent necessary to support our audit of the department's financial schedules, and, if appropriate, make recommendations for improvements in the management and internal controls of the department.
3. Determine whether the financial schedules present fairly the results of the department's operations for each of the fiscal years ended June 30, 2009, and June 30, 2008.
4. Determine the status of prior audit recommendations.

Auditing standards require us to communicate, in writing, control deficiencies we identified as a result of audit objective #2 above and considered to be significant or material. A control deficiency exists when the design or operation of a control does not allow management or employees to prevent or detect misstatements on a timely basis. A significant deficiency is one or more control deficiencies that affect management's ability to accurately process transactions. A material weakness is one or more significant deficiencies that adversely affect management's ability to fairly present its financial schedules.

Table 1 below outlines the status of significant deficiencies and material weaknesses we identified during this audit.

<p style="text-align: center;">Table 1 <u>Summary of Control Deficiencies</u></p>			
Subject	Significant Deficiency	Material Weakness	Page
Nonroutine and unusual transactions	Yes	No	7
Monitoring and Testing of Internal Controls	Yes	No	10

As required by §17-8-101(6), MCA, we reviewed Internal Service Fund type fees and fund equity balances at the department. The statute requires fees and charges for services, which are deposited into Internal Service Funds, be based upon commensurate

costs. During the audit period, the Internal Service Funds at the department included the duplicating center, equipment, aircraft, and warehouse inventory funds. We discuss rates charged for these funds on page 4.

In accordance with §5-13-307(2), MCA, we analyzed and disclosed, if significant, the costs of implementing the recommendations made in this report. Other areas of concern deemed not to have a significant effect on the successful operations of the department are not specifically included in the report, but have been discussed with management.

Background

The department's mission is to provide for the stewardship of the fish, wildlife, parks, and recreational resources of Montana while contributing to the quality of life for present and future generations.

The department's headquarters are located in Helena. The department maintains seven regional offices located in Kalispell, Missoula, Bozeman, Billings, Great Falls, Glasgow, and Miles City. There are also five area offices located in Libby, Havre, Lewistown, Butte, and Helena. A regional supervisor directs each region.

The five-member Fish, Wildlife and Parks Commission sets fish and wildlife regulations, approves property acquisitions, and approves certain rules and activities of the department as provided by statute. Commission members are appointed by the governor and confirmed by the senate. Statute requires representation from five geographical areas of the state.

The department is currently authorized 679.10 full-time equivalent (FTE) positions, allocated to programs as noted below. The following paragraphs outline the department organization as reflected in program expenditures on the Schedule of Total Expenditures & Transfers-Out on pages A-9 and A-10.

Management and Finance (96.24 FTE) – provides department-wide support for accounting, fiscal management, personnel, purchasing and property management services, federal aid administration, and licensing of hunters and anglers. It is responsible for department direction regarding policy, planning, program development, guidelines and budgets, direct interaction with the Fish, Wildlife and Parks Commission, and decision-making authority for key resource activities affecting the department. This program includes the director's office and legal services for the department.

Capital Outlay (No assigned FTE) – accounts for major repair and maintenance of the department's properties, renovation and construction of facilities, and protection and enhancement of critical habitats.

Communication and Education (28.55 FTE) – is responsible for public relation functions of the department including film production, and publication and distribution of the Montana Outdoors magazine. The division also informs the public about fish and wildlife laws, administrative rules, and policies designed to regulate outdoor recreational activities.

Enforcement (113.43 FTE) – is responsible for ensuring compliance with laws and regulations regarding fish, wildlife and parks through enforcement actions, education, and enhancing relations with landowners, recreational users and the general public.

Field Services (46.05 FTE) – furnishes support services to the department and its field offices. These functions include game damage program administration, landowner/sportsman relations, block management, design and construction of department facilities, aerial surveys and department transportation, and the acquisition and disposal of real estate and real property.

Fisheries (145.44 FTE) – is responsible for preserving and perpetuating all aquatic species and their ecosystems, and for meeting public demand for fishing opportunities and aquatic wildlife stewardship.

Parks (110.33 FTE) – is responsible for conserving the scenic, historic, archaeological, scientific, and recreational resources of certain state-owned properties including fishing access sites, and providing for their use and enjoyment.

Wildlife (104.06 FTE) – is responsible for the department's statewide wildlife management program, which enhances the use of Montana renewable wildlife resources for public benefit. The goals of the division are to protect, regulate, and perpetuate wildlife populations with habitat management and regulated harvest; maintain and enhance wildlife habitat; and provide wildlife recreational opportunities to the public.

Information Services (35 FTE) – provides information management services to all department operations. These services include data network administration, hardware and software procurement and support of automated license sales and drawings.

User fees, such as hunting and fishing licenses and state park use fees, are the department's primary sources of funding. The department also receives federal funds

to aid in fish and wildlife restoration efforts, for parks development and maintenance, for boating safety, education and regulation, and for other programs.

Prior Audit Recommendations

The prior financial-compliance audit of the department for the two fiscal years ended June 30, 2007, contained six recommendations and two disclosure issues. The department implemented five recommendations and partially implemented one recommendation. We discuss the partially implemented recommendation below. Also discussed below is a prior audit recommendation from the 05-18 department audit related to reconciling land values, as well as an update to the disclosure issue on internal service funds from the prior audit report.

Reconciling Land Values

In the financial-compliance audit of the department for the two fiscal years ended June 30, 2005, we recommended the department reconcile the land values on its land unit inventory to the state's accounting records. The department has made significant progress toward reconciliation during the last four years. However, until both systems are completely reconciled, the recommendation is still applicable.

Long Term Leases

The department has various land agreements that are classified as leases, land rent, or easements. The prior financial-compliance audit report for the department for the two fiscal years ended June 30, 2007, recommended the department record long term leases as easements rather than rental of land. During the current audit, we found instances where the department recorded an easement in response to the audit recommendation, but a lease was the appropriate accounting treatment. Because there are different types of land agreements and circumstances surrounding those agreements, one accounting treatment does not fit all agreements. The department has made efforts to record leases and easements appropriately as previously recommended. However, due to the errors noted during the audit period, the recommendation is still applicable and the department should analyze each agreement to determine proper accounting according to state accounting policy.

Internal Service Fund Rates

The prior audit report contained a disclosure issue related to the department's internal service fund rates. The department's internal service funds provide printing services, supplies, equipment, and aircraft to other program operations within the department. Section 17-8-101(6), MCA, requires the fees charged for services provided by internal service funds be commensurate to the costs of the goods or services.

Of the four internal service funds operated by the department, the prior audit report noted two had negative working capital. A third fund had working capital which significantly exceeded the general rule of 60 days.

The following table shows the working capital balances at June 30, 2008, and 2009, for the three funds discussed in the prior audit report.

Table 2 <u>Working Capital Available</u>		
Internal Service Fund	June 30, 2008	June 30, 2009
Equipment	\$(424,740)	\$(161,817)
Fish, Wildlife & Parks Aircraft	\$(281,374)	\$(281,855)
Fish & Game Warehouse	\$108,171	\$99,373

Source: Compiled by the Legislative Audit Division.

The prior audit report noted that rate increases obtained for the 2009 biennium likely would not be sufficient to recover all costs. During the current audit, we noted that the department considered the shortages noted above and obtained increased rates for the 2011 biennium. However, our review indicates fees were not commensurate with costs for the equipment and aircraft funds during the audit period. The aircraft fund also had a negative fund balance, and therefore, it is not reasonable. Because the department continues to monitor the funds and adjust rates as necessary, we make no recommendation at this time.

Chapter II — Findings and Recommendations

Internal Control

State law and accounting policy address legal requirements related to fiscal control and accountability. A properly implemented and effective control structure will allow the department to prevent, or detect in a timely manner, errors in its financial records or instances of noncompliance with state laws or accounting policies. The following sections outline areas in which the department could improve controls related to nonroutine transactions, new hires, donated property, and monitoring and testing of controls.

Nonroutine and Unusual Transactions

The department does not have adequate controls in place for accurately recording nonroutine or unusual transactions.

The department engages in land transactions to provide fishing and wildlife access to the public. Two types of land transactions that the department entered into during the audit period include a land swap and purchases of land with contributed capital. These are discussed below.

Land Swaps

In March of 2008 the department swapped land to create a fishing access site. Although state accounting policy exists which outlines the accounting entries that should be made for this type of transaction, the department recorded the activity as if it were a new purchase rather than a swap. Because the department does not have controls in place to ensure transactions that do not routinely occur, such as a swap, are recorded according to state accounting policy, numerous accounts were misstated in the state and federal special revenue funds in fiscal year 2007-08. These errors ranged between \$293 and \$112,500. We discussed these errors with department staff and corrections were made in fiscal year 2008-09.

Contributed Capital

The department engaged in several property acquisitions where third parties made capital contributions towards the purchases. The department did not record the contributed capital portion of the transactions on the state's accounting records as required by state policy. As a result, revenues and expenditures were understated by \$1.2 million in fiscal year 2007-08 in the ledger that supports the state's Basic Financial Statements. This error was communicated to department staff and correcting entries were made in fiscal year 2008-09. This also resulted in the department recording \$4.3 million in contributed capital for fiscal year 2008-09 land transactions.

The above errors are the result of a lack of controls over nonroutine and/or unusual transactions. The department should develop procedures that ensure state accounting policy is consulted and followed when applicable to the type of activity engaged in.

RECOMMENDATION #1

We recommend the department implement controls to ensure nonroutine or unusual transactions are recorded according to state accounting policy.

Donated Property

The department does not have controls in place to value donated property and record items exceeding the capitalization threshold on the state's accounting system.

State accounting policy sets capitalization limits for assets. Assets that meet or exceed the capitalization limit are required to be recorded on the state's accounting records. The policy sets the capitalization limit for artwork-type items at \$5,000.

Due to the nature of the department's operations, it occasionally receives donated property such as paintings, prints, wildlife mounts or other artwork. Each region and the headquarters maintain a file or list of the items the department has received through donation.

Through our review, we found the department has not recorded any donated items on the accounting records. We further noted the department does not have any procedures in place for valuing the donated items to determine if they should be capitalized and recorded. Although department personnel noted few items would likely meet or exceed the capitalization limit, we reviewed the donated items lists and files and found 13 items we believe could meet or exceed the capitalization threshold.

Noncompliance with the above state accounting policy results in an understated assets balance on the accounting records. It also increases the risk the items could be misplaced or stolen.

RECOMMENDATION #2

We recommend the department:

- A. *Develop controls to value and record donated property.*
 - B. *Record all donated property on the Asset Management system that meets the capitalization threshold.*
-

Payroll Authorization Form

The department's controls over newly hired employees are not effective for ensuring the employees are approved prior to getting paid.

The department developed a payroll authorization form which documents various information about a new employee, as well as documenting the immediate supervisor's and a regional or division administrator's approval of the new hire. The form is used by the payroll department to set up the new employee on the state accounting system and enable them to get paid. The dual approvals are the controls in place to ensure only actual and valid employees are added to the department's payroll.

We selected a sample of ten new hires and reviewed the payroll authorization form. We noted one instance where an employee was hired in January of 2009, and as of June 2009, the form still did not have the proper approvals. During the audit period approximately 375 employees were hired by the department. These new hires are spread across the state and some are in a short-term capacity, therefore, the form is an important control for ensuring the employee was approved prior to getting paid.

Department personnel noted in some cases the payroll authorization form is received in the payroll department without all the approvals in order to start the payroll process. In these cases, a completed form should be received shortly after. We noted the department did not have any mitigating controls in place to ensure incomplete forms received were updated and have the proper approvals prior to the employee getting paid.

Ineffective payroll controls can lead to the payment of fictitious employees. The department should ensure new employees are not entered into the state accounting system until all approvals are received, or develop compensating controls to ensure approvals not immediately received are received prior to the employee receiving a paycheck.

RECOMMENDATION #3

We recommend the department update or develop controls to ensure proper approvals are received for new employees.

Monitoring and Testing of Internal Controls

The department has not monitored and tested internal controls as required by state policy.

State accounting policy outlines management's responsibility for establishing and maintaining agency internal controls to safeguard and account for the resources entrusted to them to carry out government programs. State policy requires agencies to implement internal control procedures to ensure all transactions necessary for compliance with generally accepted accounting principles are recorded on the state's accounting system. To assist agencies in the implementation process, the Department of Administration issued an Internal Control Guidebook. The guide includes an internal control evaluation and monitoring plan, which recommends agencies monitor and test its controls and evaluate and report the results of its testing.

We found during the course of our audit that the department has put significant effort towards documenting their control procedures. To accomplish this, the department hired an employee specifically for developing a process for identifying risks and documenting controls to address the identified risks.

The department completed their controls documentation in June of 2009. Part of their documented processes includes a plan for testing and monitoring. However, because the documentation was not completed until June, no actual testing or monitoring has been completed during the audit period. The department should continue its efforts to implement its planned monitoring procedures.

The three preceding recommendations related to internal controls indicate areas where controls may need to be improved, or monitoring for compliance with control procedures needs to occur.

RECOMMENDATION #4

We recommend the department perform monitoring and testing over its internal control procedures as required by state policy.

Independent Auditor's Report and Department Financial Schedules

Tori Hunthausen, Legislative Auditor
Monica Huyg, Legal Counsel



Deputy Legislative Auditors
James Gillett
Angie Grove

INDEPENDENT AUDITOR'S REPORT

The Legislative Audit Committee
of the Montana State Legislature:

We have audited the accompanying Schedule of Changes in Fund Balances & Property Held in Trust, Schedule of Total Revenues & Transfers-In, and Schedule of Total Expenditures & Transfers-Out of the Department of Fish, Wildlife and Parks for each of the fiscal years ended June 30, 2009, and 2008. The information contained in these financial schedules is the responsibility of the department's management. Our responsibility is to express an opinion on these financial schedules based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial schedules. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial schedule presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 1, the financial schedules are prepared on the basis of Montana state accounting policy, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The schedules are not intended to be a complete presentation and disclosure of the department's assets, liabilities and cash flows.

In our opinion, the financial schedules referred to above present fairly, in all material respects, the results of operations and changes in fund balances and property held in trust of the Department of Fish, Wildlife and Parks for each of the fiscal years ended June 30, 2009, and 2008, in conformity with the basis of accounting described in note 1.

Respectfully submitted,

/s/ James Gillett

James Gillett, CPA
Deputy Legislative Auditor

August 14, 2009

DEPARTMENT OF FISH, WILDLIFE & PARKS
SCHEDULE OF CHANGES IN FUND BALANCES & PROPERTY HELD IN TRUST
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	General Fund	State Special Revenue Fund	Federal Special Revenue Fund	Capital Projects Fund	Enterprise Fund	Internal Service Fund	Agency Fund	Permanent Fund
FUND BALANCE: July 1, 2008	\$ (245,258)	\$ 87,354,238	\$ (234,631)	\$ (12,551)	\$ 232,050	\$ 5,819,291	\$ 0	\$ 31,495,418
PROPERTY HELD IN TRUST: July 1, 2008							\$ 182,730	
ADDITIONS								
Budgeted Revenues & Transfers-In	28	57,626,467	24,963,871		7,879	3,095,214		2,115,665
Nonbudgeted Revenues & Transfers-In		7,908,502		5,000,000	118,060	141,001		(272,554)
Prior Year Revenues & Transfers-In Adjustments	18	(446,329)	52,992			2,538		(11,643)
Direct Entries to Fund Balance	493,954	3,042,533	(212,987)	4,505,902				619,942
Additions to Property Held in Trust							17,549	
Total Additions	<u>494,000</u>	<u>68,131,173</u>	<u>24,803,876</u>	<u>9,505,902</u>	<u>125,939</u>	<u>3,238,753</u>	<u>17,549</u>	<u>2,451,410</u>
REDUCTIONS								
Budgeted Expenditures & Transfers-Out	744,936	65,460,484	24,829,061	5,735,422	97,109	3,054,360		
Nonbudgeted Expenditures & Transfers-Out		4,694,670		185,391	(2,624)	(240,906)		1,434,214
Prior Year Expenditures & Transfers-Out Adjustments	(39,901)	109,535	(175,905)		184	(2,992)		
Reductions in Property Held in Trust							15,995	
Total Reductions	<u>705,035</u>	<u>70,264,689</u>	<u>24,653,156</u>	<u>5,920,813</u>	<u>94,669</u>	<u>2,810,462</u>	<u>15,995</u>	<u>1,434,214</u>
FUND BALANCE: June 30, 2009	\$ <u>(456,293)</u>	\$ <u>85,220,722</u>	\$ <u>(83,911)</u>	\$ <u>3,572,538</u>	\$ <u>263,320</u>	\$ <u>6,247,582</u>	\$ <u>0</u>	\$ <u>32,512,614</u>
PROPERTY HELD IN TRUST: June 30, 2009							\$ <u>184,284</u>	

This schedule is prepared from the Statewide Accounting, Budgeting, and Human Resources System (SABHRS) without adjustment.
Additional information is provided in the notes to the financial schedules beginning on page A-11.

DEPARTMENT OF FISH, WILDLIFE & PARKS
SCHEDULE OF CHANGES IN FUND BALANCES & PROPERTY HELD IN TRUST
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	General Fund	State Special Revenue Fund	Federal Special Revenue Fund	Capital Projects Fund	Enterprise Fund	Internal Service Fund	Agency Fund	Permanent Fund
FUND BALANCE: July 1, 2007	\$ 6,682	\$ 87,695,769	\$ 1,448,288	\$ 0	\$ 220,746	\$ 5,882,524	\$ 0	\$ 30,073,868
PROPERTY HELD IN TRUST: July 1, 2007							\$ 207,777	
ADDITIONS								
Budgeted Revenues & Transfers-In	1,098	59,922,413	29,558,989		4,777	2,976,237		2,270,905
Nonbudgeted Revenues & Transfers-In		5,391,916		5,000,000	110,987	164,499		140,505
Prior Year Revenues & Transfers-In Adjustments	505	(325,083)	665,619		1,442			1,360
Direct Entries to Fund Balance	175,720	5,724,438	(2,145,889)	(4,505,901)		(7,663)		582,387
Additions to Property Held in Trust							21,859	
Total Additions	<u>177,323</u>	<u>70,713,684</u>	<u>28,078,719</u>	<u>494,099</u>	<u>117,206</u>	<u>3,133,073</u>	<u>21,859</u>	<u>2,995,157</u>
REDUCTIONS								
Budgeted Expenditures & Transfers-Out	429,263	67,357,283	29,745,506	506,650	107,028	3,339,994		
Nonbudgeted Expenditures & Transfers-Out		3,566,014			(1,689)	(148,373)		1,573,607
Prior Year Expenditures & Transfers-Out Adjustments		131,918	16,132		563	4,685		
Reductions in Property Held in Trust							46,906	
Total Reductions	<u>429,263</u>	<u>71,055,215</u>	<u>29,761,638</u>	<u>506,650</u>	<u>105,902</u>	<u>3,196,306</u>	<u>46,906</u>	<u>1,573,607</u>
FUND BALANCE: June 30, 2008	\$ <u>(245,258)</u>	\$ <u>87,354,238</u>	\$ <u>(234,631)</u>	\$ <u>(12,551)</u>	\$ <u>232,050</u>	\$ <u>5,819,291</u>	\$ <u>0</u>	\$ <u>31,495,418</u>
PROPERTY HELD IN TRUST: June 30, 2008							\$ <u>182,730</u>	

This schedule is prepared from the Statewide Accounting, Budgeting, and Human Resources System (SABHRS) without adjustment. Additional information is provided in the notes to the financial schedules beginning on page A-11.

DEPARTMENT OF FISH, WILDLIFE & PARKS
SCHEDULE OF TOTAL REVENUES & TRANSFERS-IN
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	General Fund	State Special Revenue Fund	Federal Special Revenue Fund	Capital Projects Fund	Enterprise Fund	Internal Service Fund	Permanent Fund	Total
TOTAL REVENUES & TRANSFERS-IN BY CLASS								
Licenses and Permits		\$ 45,229,017					\$ 413,872	\$ 45,642,889
Taxes		2,940,627						2,940,627
Charges for Services		1,863,838				\$ 3,122,224		4,986,062
Investment Earnings		2,388,302			\$ 2,284		1,283,873	3,674,459
Fines and Forfeits	\$ 46	190,565						190,611
Sale of Documents, Merchandise and Property		380,579			123,655	29,421	18,000	551,655
Rentals, Leases and Royalties							115,090	115,090
Grants, Contracts, and Donations		3,455,288						3,455,288
Transfers-in		5,130,092	\$ 72,750	\$ 5,000,000		114,118	633	10,317,593
Capital Asset Sale Proceeds		25,641	39,750			5,775		71,166
Federal Indirect Cost Recoveries		3,262,453	(16,698)					3,245,755
Miscellaneous		222,238	(111,960)			(32,785)		77,493
Federal			25,033,021					25,033,021
Total Revenues & Transfers-In	46	65,088,640	25,016,863	5,000,000	125,939	3,238,753	1,831,468	100,301,709
Less: Nonbudgeted Revenues & Transfers-In		7,908,502		5,000,000	118,060		(272,554)	12,895,009
Prior Year Revenues & Transfers-In Adjustments	18	(446,329)	52,992			2,538	(11,643)	(402,424)
Actual Budgeted Revenues & Transfers-In	28	57,626,467	24,963,871	0	7,879	3,095,214	2,115,665	87,809,124
Estimated Revenues & Transfers-In		57,148,827	36,907,836		6,500	3,163,500	1,696,000	98,922,663
Budgeted Revenues & Transfers-In Over (Under) Estimated	\$ 28	\$ 477,640	\$ (11,943,965)	\$ 0	\$ 1,379	\$ (68,286)	\$ 419,665	\$ (11,113,539)
BUDGETED REVENUES & TRANSFERS-IN OVER (UNDER) ESTIMATED BY CLASS								
Licenses and Permits		\$ (10,198)					\$ 425,090	\$ 414,892
Taxes		672,462						672,462
Charges for Services		(3,585)				\$ (2,276)		(5,861)
Investment Earnings		(262,698)			\$ 605		(3,940)	(266,033)
Fines and Forfeits	\$ 28	(988)						(960)
Sale of Documents, Merchandise and Property		(359,340)			774		(2,000)	(360,566)
Rentals, Leases and Royalties							515	515
Grants, Contracts, and Donations		112,849						112,849
Transfers-in		286,932						286,932
Capital Asset Sale Proceeds		7,391				(225)		7,166
Federal Indirect Cost Recoveries		27,396						27,396
Miscellaneous		7,419				(65,785)		(58,366)
Federal			\$ (11,943,965)					(11,943,965)
Budgeted Revenues & Transfers-In Over (Under) Estimated	\$ 28	\$ 477,640	\$ (11,943,965)	\$ 0	\$ 1,379	\$ (68,286)	\$ 419,665	\$ (11,113,539)

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Additional information is provided in the notes to the financial schedules beginning on page A-11.

DEPARTMENT OF FISH, WILDLIFE & PARKS
SCHEDULE OF TOTAL REVENUES & TRANSFERS-IN
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	General Fund	State Special Revenue Fund	Federal Special Revenue Fund	Capital Projects Fund	Enterprise Fund	Internal Service Fund	Permanent Fund	Total
TOTAL REVENUES & TRANSFERS-IN BY CLASS								
Licenses and Permits		\$ 45,297,084					\$ 406,509	\$ 45,703,593
Taxes		3,064,029						3,064,029
Charges for Services		1,593,463	\$ 12		\$ 2,976,237			4,569,712
Investment Earnings		3,507,966			\$ 4,802		1,852,218	5,364,986
Fines and Forfeits	\$ 1,603	154,217						155,820
Sale of Documents, Merchandise and Property		467,164			112,396	9,217		588,777
Rentals, Leases and Royalties							151,248	151,248
Grants, Contracts, and Donations		2,561,391						2,561,391
Transfers-in		4,636,120		\$ 5,000,000		155,282	2,795	9,794,197
Capital Asset Sale Proceeds		32,844						32,844
Federal Indirect Cost Recoveries		3,431,252	(4,376)					3,426,876
Miscellaneous		241,892	103,279		8			345,179
Federal		1,824	30,125,693					30,127,517
Total Revenues & Transfers-In	1,603	64,989,246	30,224,608	5,000,000	117,206	3,140,736	2,412,770	105,886,169
Less: Nonbudgeted Revenues & Transfers-In		5,391,916		5,000,000	110,987	164,499	140,505	10,807,907
Prior Year Revenues & Transfers-In Adjustments	505	(325,083)	665,619		1,442		1,360	343,843
Actual Budgeted Revenues & Transfers-In	1,098	59,922,413	29,558,989	0	4,777	2,976,237	2,270,905	94,734,419
Estimated Revenues & Transfers-In		59,446,895	28,829,333		5,000	2,999,000	2,270,000	93,550,228
Budgeted Revenues & Transfers-In Over (Under) Estimated	\$ 1,098	\$ 475,518	\$ 729,656	\$ 0	\$ (223)	\$ (22,763)	\$ 905	\$ 1,184,191
BUDGETED REVENUES & TRANSFERS-IN OVER (UNDER) ESTIMATED BY CLASS								
Licenses and Permits		\$ 13,859					\$ (3,637)	\$ 10,222
Taxes		262,168						262,168
Charges for Services		30,199				\$ (5,763)		24,436
Investment Earnings		31,592			\$ (231)		9,508	40,869
Fines and Forfeits	\$ 1,098	3,446						4,544
Sale of Documents, Merchandise and Property		14,683						14,683
Rentals, Leases and Royalties							(4,966)	(4,966)
Grants, Contracts, and Donations		1,685						1,685
Transfers-in		(16,473)						(16,473)
Capital Asset Sale Proceeds		7,844						7,844
Federal Indirect Cost Recoveries		124,420	\$ (7,660)					116,760
Miscellaneous		271	3,156		8	(17,000)		(13,565)
Federal		1,824	734,160					735,984
Budgeted Revenues & Transfers-In Over (Under) Estimated	\$ 1,098	\$ 475,518	\$ 729,656	\$ 0	\$ (223)	\$ (22,763)	\$ 905	\$ 1,184,191

This schedule is prepared from the Statewide Accounting, Budgeting, and Human Resources System (SABHRS) without adjustment.
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DEPARTMENT OF FISH,WILDLIFE & PARKS SCHEDULE OF TOTAL EXPENDITURES & TRANSFERS-OUT FOR THE FISCAL YEAR ENDED JUNE 30, 2009										
PROGRAM (ORG) EXPENDITURES & TRANSFERS-OUT	CAPITAL OUTLAY	COMMUNICATION & EDUCATION DIVISION	ENFORCEMENT DIVISION	FIELD SERVICES DIVISION	FISHERIES DIVISION	INFORMATION SERVICES DIVISION	MANAGEMENT & FINANCE DIVISION	PARKS DIVISION	WILDLIFE DIVISION	Total
Personal Services										
Salaries		\$ 1,366,949	\$ 5,263,359	\$ 1,852,229	\$ 7,158,048	\$ 1,806,359	\$ 4,558,062	\$ 4,327,541	\$ 5,285,699	\$ 31,618,246
Hourly Wages			12,080	1,776	520		182	1,045		15,603
Other Compensation							7,200			7,200
Employee Benefits		449,188	1,803,863	558,461	2,399,272	598,938	1,502,140	1,455,794	1,627,713	10,395,369
Personal Services-Other							(569)			(569)
Total		<u>1,816,137</u>	<u>7,079,302</u>	<u>2,412,466</u>	<u>9,557,840</u>	<u>2,405,297</u>	<u>6,067,015</u>	<u>5,784,380</u>	<u>6,913,412</u>	<u>42,035,849</u>
Operating Expenses										
Other Services	\$ 422,898	683,572	164,315	5,397,532	1,438,222	1,038,226	2,446,525	453,389	1,904,105	13,948,784
Supplies & Materials	147,391	440,012	396,604	460,187	963,535	286,176	1,464,931	418,535	439,866	5,017,237
Communications	4,703	146,322	198,807	102,280	170,694	46,479	480,072	116,122	194,446	1,459,925
Travel	90,784	121,032	890,742	506,727	890,807	40,808	220,333	494,989	789,494	4,045,716
Rent	2,017,134	14,665	62,340	137,916	159,584	77,002	476,753	46,072	400,794	3,392,260
Utilities	17,436	13,821	7,358	20,386	427,895		214,733	200,292	31,045	932,966
Repair & Maintenance	78,777	15,018	73,640	242,016	1,333,296	69,916	667,672	453,200	147,042	3,080,577
Other Expenses	(167,612)	96,503	116,303	323,186	142,612	86,466	1,090,374	77,176	76,424	1,841,432
Goods Purchased For Resale		1,601			28		97,694	85,207		184,530
Total	<u>2,611,511</u>	<u>1,532,546</u>	<u>1,910,109</u>	<u>7,190,230</u>	<u>5,526,673</u>	<u>1,645,073</u>	<u>7,159,087</u>	<u>2,344,982</u>	<u>3,983,216</u>	<u>33,903,427</u>
Equipment & Intangible Assets										
Equipment			114,596		179,412	24,303	(23,344)	106,626	40,566	442,159
Intangible Assets				7,341						7,341
Total			<u>114,596</u>	<u>7,341</u>	<u>179,412</u>	<u>24,303</u>	<u>(23,344)</u>	<u>106,626</u>	<u>40,566</u>	<u>449,500</u>
Capital Outlay										
Land & Interest In Land	17,595,292									17,595,292
Buildings	969,417									969,417
Other Improvements	4,048,846									4,048,846
Total	<u>22,613,555</u>									<u>22,613,555</u>
Grants										
From State Sources	230,943	617,548	7,800	32,500	30,000	69,389		463,476	110,000	1,561,656
From Federal Sources	848,363		7,800				216,073			1,072,236
Total	<u>1,079,306</u>	<u>617,548</u>	<u>15,600</u>	<u>32,500</u>	<u>30,000</u>	<u>69,389</u>	<u>216,073</u>	<u>463,476</u>	<u>110,000</u>	<u>2,633,892</u>
Benefits & Claims										
From State Sources				4,638						4,638
Total				<u>4,638</u>						<u>4,638</u>
Transfers-out										
Fund transfers	97,000						3,913,761	16,360	200,000	4,227,121
Total	<u>97,000</u>						<u>3,913,761</u>	<u>16,360</u>	<u>200,000</u>	<u>4,227,121</u>
All Accounts Rollup										
Other Post Employment Benefits							15,056			15,056
Total							<u>15,056</u>			<u>15,056</u>
Total Expenditures & Transfers-Out	\$ <u>26,401,372</u>	\$ <u>3,966,231</u>	\$ <u>9,119,607</u>	\$ <u>9,647,175</u>	\$ <u>15,293,925</u>	\$ <u>4,144,062</u>	\$ <u>17,347,648</u>	\$ <u>8,715,824</u>	\$ <u>11,247,194</u>	\$ <u>105,883,038</u>
EXPENDITURES & TRANSFERS-OUT BY FUND										
General Fund					\$ 433,395		\$ 41,678		\$ 229,962	\$ 705,035
State Special Revenue Fund	\$ 13,476,541	\$ 3,139,917	\$ 8,732,023	\$ 8,991,560	5,774,394	\$ 4,019,715	12,325,980	\$ 8,329,113	5,475,446	70,264,689
Federal Special Revenue Fund	7,189,409	826,314	387,584	403,549	9,086,136	124,347	801,989	292,042	5,541,786	24,653,156
Capital Projects Fund	5,735,422						185,391			5,920,813
Enterprise Fund								94,669		94,669
Internal Service Fund				252,066			2,558,396			2,810,462
Permanent Fund							1,434,214			1,434,214
Total Expenditures & Transfers-Out	<u>26,401,372</u>	<u>3,966,231</u>	<u>9,119,607</u>	<u>9,647,175</u>	<u>15,293,925</u>	<u>4,144,062</u>	<u>17,347,648</u>	<u>8,715,824</u>	<u>11,247,194</u>	<u>105,883,038</u>
Less: Nonbudgeted Expenditures & Transfers-Out	569,046	50,527	115,492		893,054		3,597,984	230,762	613,879	6,070,744
Prior Year Expenditures & Transfers-Out Adjustments	(9,250)	(14,864)	3,595	(20,868)	(168,601)	(1,261)	34,131	35,867	32,172	(109,079)
Actual Budgeted Expenditures & Transfers-Out	<u>25,841,576</u>	<u>3,930,568</u>	<u>9,000,520</u>	<u>9,668,043</u>	<u>14,569,472</u>	<u>4,145,323</u>	<u>13,715,533</u>	<u>8,449,195</u>	<u>10,601,143</u>	<u>99,921,373</u>
Budget Authority	78,321,926	4,167,726	9,182,451	10,239,684	18,303,113	4,304,644	24,720,272	9,804,130	14,086,562	173,130,508
Unspent Budget Authority	\$ <u>52,480,350</u>	\$ <u>237,158</u>	\$ <u>181,931</u>	\$ <u>571,641</u>	\$ <u>3,733,641</u>	\$ <u>159,321</u>	\$ <u>11,004,739</u>	\$ <u>1,354,935</u>	\$ <u>3,485,419</u>	\$ <u>73,209,135</u>
UNSPENT BUDGET AUTHORITY BY FUND										
General Fund					\$ 64					\$ 64
State Special Revenue Fund	\$ 37,232,852	\$ 90,717	\$ 85,599	\$ 404,706	725,435	\$ 125,313	\$ 685,740	\$ 1,244,855	\$ 927,074	41,522,291
Federal Special Revenue Fund	10,989,570	146,441	96,332	72,550	3,008,142	34,008	10,003,663	94,554	2,558,345	27,003,605
Capital Projects Fund	4,257,928									4,257,928
Enterprise Fund								15,526		15,526
Internal Service Fund				94,385			315,336			409,721
Unspent Budget Authority	\$ <u>52,480,350</u>	\$ <u>237,158</u>	\$ <u>181,931</u>	\$ <u>571,641</u>	\$ <u>3,733,641</u>	\$ <u>159,321</u>	\$ <u>11,004,739</u>	\$ <u>1,354,935</u>	\$ <u>3,485,419</u>	\$ <u>73,209,135</u>

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DEPARTMENT OF FISH,WILDLIFE & PARKS
SCHEDULE OF TOTAL EXPENDITURES & TRANSFERS-OUT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

PROGRAM (ORG) EXPENDITURES & TRANSFERS-OUT	CAPITAL OUTLAY	COMMUNICATION & EDUCATION DIVISION	ENFORCEMENT DIVISION	FIELD SERVICES DIVISION	FISHERIES DIVISION	INFORMATION SERVICES DIVISION	MANAGEMENT & FINANCE DIVISION	PARKS DIVISION	WILDLIFE DIVISION	Total
Personal Services										
Salaries		\$ 1,308,615	\$ 4,952,088	\$ 1,689,902	\$ 6,891,699	\$ 1,727,281	\$ 4,223,831	\$ 3,929,644	\$ 4,761,865	\$ 29,484,925
Hourly Wages			10,999	642		342			1,616	13,599
Other Compensation							8,000	1,100		9,100
Employee Benefits		419,780	1,670,133	503,490	2,268,461	527,365	1,421,856	1,284,604	1,473,206	9,568,895
Personal Services-Other							4,605			4,605
Total		<u>1,728,395</u>	<u>6,633,220</u>	<u>2,194,034</u>	<u>9,160,160</u>	<u>2,254,988</u>	<u>5,658,292</u>	<u>5,215,348</u>	<u>6,236,687</u>	<u>39,081,124</u>
Operating Expenses										
Other Services	\$ 499,488	660,897	183,926	5,631,578	1,936,382	1,054,753	2,744,978	775,615	1,581,984	15,069,601
Supplies & Materials	124,699	400,494	531,826	422,136	1,611,279	364,103	1,602,082	525,112	858,640	6,440,371
Communications	901	177,138	195,622	113,600	153,720	30,579	501,417	114,289	187,745	1,475,011
Travel	22,668	127,861	833,411	459,417	880,363	63,016	213,133	484,802	801,773	3,886,444
Rent	(223,157)	18,032	55,450	115,796	158,544	74,563	431,671	66,330	106,486	803,715
Utilities	2,463	17,332	8,721	14,691	415,000		226,986	174,230	36,686	896,109
Repair & Maintenance	80,692	21,071	95,630	440,545	1,280,328	30,995	713,113	835,225	231,273	3,728,872
Other Expenses	174,474	91,517	121,724	554,555	117,607	78,562	810,244	96,999	125,618	2,171,300
Goods Purchased For Resale		(331)	4		17		97,903	83,165	(114)	180,644
Total	<u>682,228</u>	<u>1,514,011</u>	<u>2,026,314</u>	<u>7,752,318</u>	<u>6,553,240</u>	<u>1,696,571</u>	<u>7,341,527</u>	<u>3,155,767</u>	<u>3,930,091</u>	<u>34,652,067</u>
Equipment & Intangible Assets										
Equipment			126,418	40,375	442,046	22,472	111,144	562,333	96,602	1,401,390
Intangible Assets				5,501		5,700	14,392			25,593
Total			<u>126,418</u>	<u>45,876</u>	<u>442,046</u>	<u>28,172</u>	<u>125,536</u>	<u>562,333</u>	<u>96,602</u>	<u>1,426,983</u>
Capital Outlay										
Land & Interest In Land	13,031,259								525,467	13,556,726
Buildings	1,477,913									1,477,913
Other Improvements	5,802,778									5,802,778
Total	<u>20,311,950</u>								<u>525,467</u>	<u>20,837,417</u>
Grants										
From State Sources	182,999	314,532	7,800	29,123	2,480	69,389		492,317	110,000	1,208,640
From Federal Sources	1,368,440		7,800				4,583,599			5,959,839
Total	<u>1,551,439</u>	<u>314,532</u>	<u>15,600</u>	<u>29,123</u>	<u>2,480</u>	<u>69,389</u>	<u>4,583,599</u>	<u>492,317</u>	<u>110,000</u>	<u>7,168,479</u>
Benefits & Claims										
From State Sources				4,850						4,850
OPEB Expenses							13,342			13,342
Total				<u>4,850</u>			<u>13,342</u>			<u>18,192</u>
Transfers-out										
Fund transfers				19,630			3,423,801	888		3,444,319
Total				<u>19,630</u>			<u>3,423,801</u>	<u>888</u>		<u>3,444,319</u>
Total Expenditures & Transfers-Out	\$ <u>22,545,617</u>	\$ <u>3,556,938</u>	\$ <u>8,801,552</u>	\$ <u>10,045,831</u>	\$ <u>16,157,926</u>	\$ <u>4,049,120</u>	\$ <u>21,146,097</u>	\$ <u>9,426,653</u>	\$ <u>10,898,847</u>	\$ <u>106,628,581</u>
EXPENDITURES & TRANSFERS-OUT BY FUND										
General Fund					\$ 367,933		\$ 29,029		\$ 32,301	\$ 429,263
State Special Revenue Fund	\$ 15,008,881	\$ 2,844,562	\$ 8,440,396	\$ 9,173,943	6,036,498	\$ 3,922,746	11,346,594	\$ 8,985,608	5,295,987	71,055,215
Federal Special Revenue Fund	7,030,086	712,376	361,156	462,366	9,753,495	126,374	5,410,083	335,143	5,570,559	29,761,638
Capital Projects Fund	506,650									506,650
Enterprise Fund								105,902		105,902
Internal Service Fund				409,522			2,786,784	0		3,196,306
Permanent Fund							1,573,607			1,573,607
Total Expenditures & Transfers-Out	<u>22,545,617</u>	<u>3,556,938</u>	<u>8,801,552</u>	<u>10,045,831</u>	<u>16,157,926</u>	<u>4,049,120</u>	<u>21,146,097</u>	<u>9,426,653</u>	<u>10,898,847</u>	<u>106,628,581</u>
Less: Nonbudgeted Expenditures & Transfers-Out	227,740	82,018	63,396	19,631	839,147		3,231,646	189,039	336,942	4,989,559
Prior Year Expenditures & Transfers-Out Adjustments	(77)	1,903	15,641	19,816	46,872	2,501	13,830	(28,036)	80,842	153,292
Actual Budgeted Expenditures & Transfers-Out	<u>22,317,954</u>	<u>3,473,017</u>	<u>8,722,515</u>	<u>10,006,384</u>	<u>15,271,907</u>	<u>4,046,619</u>	<u>17,900,621</u>	<u>9,265,650</u>	<u>10,481,063</u>	<u>101,485,730</u>
Budget Authority	74,349,863	3,675,991	8,958,657	10,186,304	18,559,525	4,091,173	22,828,196	9,834,589	13,950,092	166,434,390
Unspent Budget Authority	\$ <u>52,031,909</u>	\$ <u>202,974</u>	\$ <u>236,142</u>	\$ <u>179,920</u>	\$ <u>3,287,618</u>	\$ <u>44,554</u>	\$ <u>4,927,575</u>	\$ <u>568,939</u>	\$ <u>3,469,029</u>	\$ <u>64,948,660</u>
UNSPENT BUDGET AUTHORITY BY FUND										
General Fund					\$ 55,001		\$ 5,105	\$ 500	\$ 200,632	\$ 261,238
State Special Revenue Fund	\$ 29,718,931	\$ 192,211	\$ 149,942	\$ 149,457	320,463	\$ 16,475	858,064	488,799	573,594	32,467,936
Federal Special Revenue Fund	12,319,628	10,763	86,200	11,046	2,912,154	28,079	3,967,465	74,077	2,694,803	22,104,215
Capital Projects Fund	9,993,350									9,993,350
Enterprise Fund								5,563		5,563
Internal Service Fund				19,417			96,941			116,358
Unspent Budget Authority	\$ <u>52,031,909</u>	\$ <u>202,974</u>	\$ <u>236,142</u>	\$ <u>179,920</u>	\$ <u>3,287,618</u>	\$ <u>44,554</u>	\$ <u>4,927,575</u>	\$ <u>568,939</u>	\$ <u>3,469,029</u>	\$ <u>64,948,660</u>

This schedule is prepared from the Statewide Accounting, Budgeting, and Human Resources System (SABHRS) without adjustment.
Additional information is provided in the notes to the financial schedules beginning on page A-11.

Montana Department of Fish, Wildlife and Parks

Notes to the Financial Schedules

For the Two Fiscal Years Ended June 30, 2009

1. Summary of Significant Accounting Policies

Basis of Accounting

The department uses the modified accrual basis of accounting, as defined by state accounting policy, for its Governmental fund category (General, State Special Revenue, Federal Special Revenue, Capital Projects, and Permanent) and certain liabilities of defined benefit pension plans and certain post employment healthcare plans. In applying the modified accrual basis, the department records:

- ♦ Revenues when it receives cash or when receipts are realizable, measurable, earned, and available to pay current period liabilities.
- ♦ Expenditures for valid obligations when the department incurs the related liability and it is measurable, with the exception of the cost of employees' annual and sick leave. State accounting policy requires the department to record the cost of employees' annual and sick leave when used or paid.

The department uses accrual basis accounting for its Proprietary (Enterprise and Internal Service) and Fiduciary (Agency) fund categories. Under the accrual basis, as defined by state accounting policy, the department records revenues in the accounting period when realizable, measurable, and earned, and records expenses in the period incurred when measurable.

Expenditures and expenses may include: entire budgeted service contracts even though the department receives the services in a subsequent fiscal year; goods ordered with a purchase order before fiscal year-end, but not received as of fiscal year-end; and equipment ordered with a purchase order before fiscal year-end.

Basis of Presentation

The financial schedule format is in accordance with the policy of the Legislative Audit Committee. The financial schedules are prepared from the transactions posted to the state's accounting system without adjustment.

The department uses the following funds:

Governmental Fund Category

- ♦ **General Fund** – to account for all financial resources except those required to be accounted for in another fund.

- ♦ **State Special Revenue Fund** – to account for proceeds of specific revenue sources (other than private-purpose trusts or major capital projects) that are legally restricted to expenditures for specific state program purposes. Department State Special Revenue Funds include revenue from licenses and permits, private grants, donations, and mitigation funds for wildlife and fisheries.
- ♦ **Federal Special Revenue Fund** – to account for activities funded from federal revenue sources. Department Federal Special Revenue Funds include sport fish and wildlife restoration, parks development, boating safety, education and regulation and other federal programs.
- ♦ **Capital Projects Fund** – to account for financial resources used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds or trust funds. The department uses this fund for projects administered by the Department of Administration's Architecture and Engineering Division. Additionally, the department received \$5 million each fiscal year in general funds during the audit period for the Access Montana Program. The purposes of this program are for land acquisition, land leasing, easement purchases, or development agreements. The department accounts for this \$10 million in their capital projects fund.
- ♦ **Permanent Fund** – to account for financial resources that are permanently restricted to the extent that only earnings, and not principal, may be used for purposes that support the department's programs. The department uses this fund to record revenue from the sale or lease of department lands and the department's share of the state coal severance tax. Revenue earned from the investment of the trust fund money is transferred to the state special revenue fund for expenditure.

Proprietary Fund Category

- ♦ **Internal Service Fund** – to account for the financing of goods or services provided by one department or agency to other departments or agencies of state government or to other governmental entities on a cost-reimbursement basis. Department Internal Service Funds include duplication services, department owned vehicles, aircraft, and warehouse inventory items.
- ♦ **Enterprise Fund** – to account for operations (a) financed and operated in a manner similar to private business enterprises, where the Legislature intends that the department finance or recover costs primarily through user charges; (b) where the Legislature has decided that periodic determination of revenues earned, expenses incurred or net income is appropriate; (c) where the activity is financed solely by a pledge of the net revenues from fees and charges of the activity; or (d) when laws or regulations require that the activities' cost of providing services, including capital costs, be recovered with fees and charges rather than with taxes or similar revenues. The department's enterprise fund is the Visitor's Services Fund. This fund accounts for obtaining and selling educational, commemorative and interpretive merchandise at various sites throughout the state.

Fiduciary Fund Category

- ♦ **Agency Fund** – to account for resources held by the state in a custodial capacity. Agency funds may be used on a limited basis for internal (to the State) clearing account activity but these must have a zero balance at fiscal year-end. The department's agency fund is used to account for license agent bonds and collections due to a tribe for licenses sold on their behalf.

2. General Fund Balance

The negative fund balance in the General Fund does not indicate overspent appropriation authority. The department has authority to pay obligations from the statewide General Fund within its appropriation limits. The department expends cash or other assets from the statewide fund when it pays General Fund obligations. The department's outstanding liabilities exceed the assets it has placed in the fund, resulting in negative ending General Fund balances for the fiscal years ended June 30, 2008 and 2009.

3. Direct Entries to Fund Balance

Direct entries to fund balances in the General, State Special Revenue, Federal Special Revenue, Capital Projects, and Permanent funds include entries generated by SABHRS to reflect the flow of resources within individual funds shared by separate agencies. Direct entries to fund balances in the State Special Revenue, Federal Special Revenue Fund, and Internal Service funds also include corrections primarily related to the change in method used to account for indirect costs.

4. Capital Outlay Unspent Budget Authority

The Capital Outlay program had unspent budget authority of approximately \$52 million at June 30, 2008 and June 30, 2009. Capital projects are approved by each Legislature and can take several years to complete. Budgetary authority carries over each fiscal year until the projects are finished and any remaining authority is then reverted.

5. Montana Fish, Wildlife and Parks Foundation

The department has an operating agreement with the Montana Fish, Wildlife and Parks Foundation (foundation), a nonprofit 501(c)(3) corporation. The foundation exists to engage in activities related to the preservation and enhancement of the natural, cultural, and recreational resources in Montana and to provide support from the private sector for the efforts of the department in these areas. The activity between the two entities is stated below:

During the audit period, the foundation did not receive or provide any direct funding from or to the department. The foundation operates to support specific projects and financial resources from the foundation go directly to the project.

6. Under Estimate in the Federal Special Revenue Fund

The \$11,943,965 under estimate in the federal special revenue fund on the fiscal year 2008-09 Schedule of Revenues & Transfers-In is the result of an accounting error. The department intended to decrease the revenue estimate by \$5,995,000 but made the entry backwards resulting in an overstated revenue estimate of \$11,990,000. If the entry was made as intended, the result would be an over estimate of \$46,035.

DEPARTMENT OF FISH,
WILDLIFE AND PARKS

DEPARTMENT RESPONSE



Montana Fish, Wildlife & Parks

P.O. Box 200701
Helena, MT 59620-0701
(406) 444-3186
FAX: 406-444-4952
Ref: DO369-09
September 2, 2009

Tori Hunthausen, Legislative Auditor
Legislative Audit Division
State Capitol
Helena, MT 59620

RECEIVED

SEP 08 2009

LEGISLATIVE AUDIT DIV.

Dear Ms. Hunthausen:

The Montana Department of Fish, Wildlife & Parks (FWP) has reviewed the FY2008 and FY2009 financial compliance audit prepared for our agency. FWP appreciates the opportunity to respond to your findings and the professional manner in which the audit was conducted.

FWP has prepared the following responses to the four recommendations made by your office. The department concurs with each of your recommendations, and has stated our plan to implement corrective actions. FWP will also be submitting our corrective action plan to the OBPP that contains our proposed timetable.

Recommendation #1

FWP recommends the department implement controls to ensure nonroutine or unusual transactions are recorded according to state accounting policy.

Concur. The department will implement controls to ensure that all nonroutine transactions are recorded according to state accounting policy.

Recommendation #2

FWP recommends the department:

- A. Develop controls to value and record donated property; and**
- B Record all donated property on the Asset Management system that meets the capitalization threshold.**

Concur. The department will develop controls to value all donated property and record on the State's Asset Management system all donated property that meets the capitalization threshold.

Hunthausen – DO369-09
September 2, 2009
Page 2 of 2

Recommendation #3

FWP recommends the department update or develop controls to ensure proper approvals are received for new employees.

Concur. The department will develop controls to ensure proper approvals are received for new employees.

Recommendation #4

FWP recommends the department perform monitoring and testing over its internal control procedures as required by state policy.

Concur. As mentioned in the audit report, the department's internal control document includes a plan for testing and monitoring its internal control procedures. The department will implement its planned monitoring procedures starting in FY2010.

FWP appreciates the opportunity to work with your staff to improve the financial management of our agency. If you have any questions, please contact me.

Sincerely,


Joe Maurier
Director